COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

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Case No. 2022-00106

DIRECT TESTIMONY

OF

RICHARD BAST

Submitted on

Behalf of

The Kentucky Broadband and Cable Association

June 9, 2022

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I. INTRODUCTION AND QUALIFICATIONS.

Q: Please state your name, business address, and occupation?

 A: My name is Richard Bast. I am a Construction Manager for Charter Communications, Inc. ("Charter"), in Kentucky. My business address is 4701 Commerce Crossings Dr., Louisville, Kentucky, 40229.

Q: Please summarize your professional background.

A: I have been employed by Charter for 20 years. In 2002, I began my career at Charter as part of the dispatch group. In 2010, I became a Construction Supervisor, and was promoted to Construction Manager in 2020. In my role as Construction Manager, I manage the construction efforts of in-house and contract labor for new construction, maintenance, and rebuild projects, including (and mainly) on poles. I am responsible for the quality of work the construction department performs, including all issues related to building safe and reliable communications plant. As part of my job, I manage inventory requirements (*i.e.*, cable, fiber, electronics, and other materials) for construction projects, authorize expenditures related to construction activities, and assist in preparing the annual budget for future construction projects in Kentucky.

To carry out these responsibilities, I regularly coordinate with construction and other outside plant personnel, pole owners, and the contractors who perform certain functions related to pole attachments, including installing our plant on poles. In my role as Construction Manager, I am also familiar with the relevant requirements of the National Electric Code ("NEC"), National Electric Safety Code ("NESC"), Occupational Safety and Health Administration ("OSHA"), Federal Communications Commission ("FCC"), and Kentucky's rules and requirements.

Q: Have you previously testified before this Commission?

A: No.

Q: On whose behalf are you testifying?

A: I was asked to provide testimony for the Kentucky Broadband and Cable Association ("KBCA") because Charter is the largest cable broadband provider in Kentucky and a leading member of the KBCA. Charter has more pole attachments and customers in Kentucky than any other member of the KBCA. Charter's experiences with regard to pole attachment matters in Kentucky are representative of the other KBCA members.

Q: Please summarize your testimony.

- A: My testimony addresses several factual issues raised by some of the terms in proposed tariffs submitted by the pole owners, including provisions related to overlashing, survey fee estimates, and surcharges on work performed by pole owners.¹ In my experience, these terms are unjust and unreasonable. If these provisions are maintained in the tariffs, they will make it much more difficult and costly for Charter and other KBCA members to deploy broadband in Kentucky, including in rural areas. Specifically, I will testify about:
 - <u>Overlashing</u>. While the proposed tariffs allow attachers to overlash without permitting and just with notice, as the rules allow, several tariffs require attachers to submit a costly and unnecessary pole loading analysis certified by a professional engineer, along with their notice.² It is my understanding that the Commission adopted the new overlash rules to

¹ I do not address legal issues raised by the terms in the proposed tariffs. I understand the parties will address legal issues later in the proceeding.

² See, e.g., Blue Grass Energy Cooperative Corp. Tariff at Original Sheet Nos. 199-200, Article IV (D)(1); Clark Energy Cooperative Tariff Original Page 118.6, Article IV(D)(1); Cumberland Valley Electric, Inc. Tariff at Original Sheet Nos. 116-17, Article IV(D)(1); Farmers Rural Electric

promote efficient and cost-effective broadband deployment. The purpose of overlashing is to add capacity to an existing attachment efficiently, often for needed repairs and to Lengthy, burdensome, and unnecessary overlashing requirements provide service. undermine these critical goals. Similar to the FCC's overlash rules and consistent with the Commission's new rules, an overlasher should provide an overlashing notice comprised of the cable or fiber type, weight per foot, and diameter, as well as the affected pole number and any obvious safety issues existing/arising on the relevant poles. Under the Commission's new regulations, utilities already have up to 30 days to review a notice of overlashing (this is 15 more days than allowed by the FCC's rules³). If a pole owner reasonably believes a pole loading analysis is necessary, once it receives a notice it should complete the analysis within the existing 30 day notice period. The overlasher would pay any reasonable and actual costs of the analysis if the utility discovers an issue that must be addressed prior to overlashing (an overlasher should not have to pay if the analysis was performed and no issues were found because there is usually no need to do such a costly analysis in the first place). Additionally, where a utility identifies a safety issue that needs

Cooperative Corp. Tariff at Original Sheet Nos. 124-25, Article IV(D)(1); Fleming-Mason Energy Cooperative, Inc., Tariff at Original Sheet No. 31.12, Article IV(D)(1); Grayson Rural Electric Cooperative Corp., Original Page No. 16, Article IV(D)(1); Inter-County Energy Tariff at Original Sheet No. 123.9, Article IV(D)(1); Jackson Purchase Energy Corp. Tariff at Sheet Nos. 173-74, Article IV(D)(1); Jackson Energy Cooperative Corp. at Original Sheet No. 311, Article IV(D)(1); Kenergy Tariff at Fifth Revised Sheet No. 76, Pages 16-17, Article IV(D)(1); Meade County Rural Electric Cooperative Corp., Original Page No. 16, Article IV(D)(1); Nolin Rural Electric Cooperative Corp. at Original Sheet No. 16, Article IV(D)(1); Nolin Rural Electric Cooperative Corp. at Original Sheet No. 16, Article IV(D)(1); Owen Electric Cooperative, Inc., Tariff Original Sheet No. 84.16, Article IV(D)(1); Salt River Electric Cooperative Corp. Tariff at Original Sheet No. 302.14, Article IV(D)(1); South Kentucky Rural Electric Cooperative Corp. Tariff at Original Sheet No. 302.14, Article IV(D)(1); Taylor County Rural Electric Cooperative Corp. Tariff at Original Page No. 19.13, Article IV(D)(1); Taylor County Rural Electric Cooperative Corp. Tariff at Original Page No. 19.13, Article IV(D)(1).

to be corrected prior to overlashing, the pole owner or responsible party should be required to correct it, at their own cost, within the make-ready timeframes contained in the rules.

- <u>Survey Fee Estimates</u>. Brandenburg Telephone Company, Kentucky Power Company, South Central Rural Telecommunications Cooperative, Inc., and Thacker-Grigsby Telephone Co., Inc., have proposed survey fee estimates ranging from \$119 to \$275 – many multiples of most of the other utility's estimates. These fees are required to be paid up front and are related to reviewing a pole to determine whether make-ready is necessary. These pole owners claim they will reimburse the attacher once the actual review is performed and the cost determined. But in my work with Charter over many years, I have never seen the company reimbursed for any true-up and it would be an administrative nightmare to reconcile these up-front and then reimbursed (if any) fees. Instead, up-front survey fees should be based on actual costs. These up-front estimates, on the other hand, are excessive. Based on my experience, a reasonable survey fee estimate would fall between \$30 and \$50 per pole, not the hundreds of dollars proposed by these utilities.
- <u>Pole Owner Work Surcharges</u>. Cincinnati Bell's tariff requires an attacher to pay a 10% surcharge above and beyond the actual cost of work that it performs for an attacher. There is no justification for pole owners to impose survey, make ready, inspection or other charges that exceed actual and reasonable costs, and they should not be permitted to do so.

II. THE PROPOSED TARIFFS CONTAIN UNJUST AND UNREASONABLE OVERLASHING REQUIREMENTS.

Q: Do the Commission's new pole attachment regulations address overlashing?

A: Yes. The Commission established overlashing requirements that largely track the overlashing rules of the FCC, but give the pole owners an extra 15 days to review any

proposed overlashing. Specifically, the rules prohibit pole owners from requiring applications and approval for overlashing and preventing an attacher from overlashing because another existing attacher has not fixed a preexisting violation. Instead, the rules allow pole owners to require up to 30 days' advance notice of overlashing. The rules also provide that, where a utility does require advance notice of overlashing and determines overlashing would create a "capacity, safety, reliability, or engineering issue," it must provide specific documentation of the issues within the 30-day notice window.⁴

Q: Did the Commission specify the information that an attacher must include in its overlash notice?

A: No. The Commission did not address what, if any, specific information an attacher must provide about a planned overlash in its notice to a pole owner.⁵

Q: Do you believe there is anything unreasonable about certain of the tariffs as they relate overlashing?

A: Yes, I do. At least seventeen of the pole owner tariffs unreasonably require attachers to submit a pole loading analysis certified by a professional engineer licensed in Kentucky as part of their "notice."⁶

Q: Is that a reasonable requirement?

A: No.

⁴ 807 KAR 5:015, Section 3(5).

⁵ *Id*.

⁶ Supra footnote 2.

Q: Why not?

A: Requiring an attacher to submit a pole loading analysis certified by a professional engineer as part of its overlash notice is unreasonable because it is usually unnecessary to perform such an inefficient and costly exercise for a mere overlash. When an attacher determines where it needs to overlash, it examines those poles and seeks alternative routes for poles that would be affected by the overlash. That said, the vast majority of overlashing will not affect the pole. Requiring an attacher to obtain a time-consuming and costly pole loading analysis before submitting a 30-day notice of overlashing is unnecessary and would unreasonably increase the costs of broadband deployment.

Kentucky utilities have long recognized the value of an efficient overlashing process. For example, prior to the Commission's new regulations, Louisville Gas & Electric's ("LG&E's") and Kentucky Utilities Company's ("KU's") tariffs did not require any notice or application for overlashing.⁷ Instead, attachers notified LG&E or KU directly of overlashing projects without any need for loading calculations. This process worked well and allowed KBCA's members to deploy their facilities in a cost-effective and efficient manner, without incident. While the Commission now allows utilities to require 30 days' notice of overlashing, it should enforce the plain language of its overlashing rule and not allow utilities to impose unnecessary requirements that turn a "notice" into a much more burdensome and costly requirement.

⁷ Louisville Gas & Electric, Pole And Structure Attachment Charges, Original Sheet No. 40.13, Section 10, *available at* <u>LGE-Electric-Rates-040122.pdf</u>; Kentucky Utilities Company, Pole And Structure Attachment Charges, Original Sheet No. 40.13, Section 10, *available at* <u>KU-Electric-Rates-040122.pdf</u>.

Q: Do you think there is a more reasonable approach to overlashing, instead of a pole loading requirement?

A: Yes. As part of their notice, attachers should only be required to provide the cable or fiber type, weight, and diameter, along with the pole number identifying the location where overlashing is to be performed. Attachers should also alert the utilities to any obvious safety issues on the pole. This information would provide a utility sufficient data to perform a pole loading analysis during the 30-day overlashing notice period, if the utility believes such an analysis is necessary. However, the attacher should only be required to reimburse a utility's reasonable and actual costs for the pole loading analysis if the analysis uncovers an issue that must be addressed prior to overlashing (although any pre-existing issues that should have been corrected and were only discovered due to the overlash should be corrected by the party that caused them). That is a far more reasonable and efficient approach that promotes the benefits of overlashing while ensuring that a loading analysis is necessary. This approach preserves the resources of both the pole owner and attacher, which will ultimately redound to the broadband consumer.

Q: Do you see any other problems with the proposed tariffs' treatment of overlashing by attachers?

A: Yes. Certain tariffs fail to establish a timeline on which any make ready work related to overlashing must occur.⁸

⁸ See, e.g., Clark Energy Cooperative Tariff at Original Pages 118.6-118.7, Article IV(D) (tariff representative of the RECC tariffs); Ballard Rural Telephone Cooperative Corp., Brandenburg Telephone Co., Logan Telephone Cooperative, Inc., South Central Rural Telecommunications Cooperative, Inc., and Thacker-Grigsby Telephone Co., Inc., Tariffs (all incorporating Duo

Q: Why is this a problem?

A: Overlashing allows attachers to add capacity to existing plant, perform needed repairs and get broadband out to customers in a more efficient manner than building new mainline plant. But that cannot happen if any necessary make-ready work is not promptly identified and performed.

Q: How would you recommend this issue be addressed?

A: To ensure that overlashing is not delayed, any make-ready necessary due to the overlashing itself should take no more time than make-ready for initial attachments. Having no timeframe means that make-ready for overlashing might be delayed indefinitely. If there are pre-existing safety issues, unrelated to the overlashing itself, those existing issues should be repaired immediately and without any delay.

Q: Where there are pre-existing violations that need to be corrected before overlashing, how should the costs of corrections be allocated?

A: Any costs to correct preexisting violations should be borne by the party that caused them.If the cause cannot be determined, however, the costs should be shared among all parties on the pole, including the pole owner.

County Telephone Cooperative Corp. Access Tariff), Original Pages 18-12-18-13, Section 18.15; *see also* 807 KAR 5:015 § 3(5)(c) (providing that, if a utility requires advance notice of overlashing, and it determines overlashing would create a "capacity, safety, reliability, or engineering issue," then "the party seeking to overlash . . . must address any identified issues before continuing with the overlash.").

III. POLE OWNER SURVEY FEE ESTIMATES MUST BE JUST AND REASONABLE.

- Q: Do the proposed tariffs include proposed pre-construction survey fee estimates?
- A: Yes.
- Q: How so?
- A: Almost all of the proposed tariffs provide a proposed flat, up-front, per pole preconstruction survey fee estimate. Certain pole owners, like Kenergy, explained the basis of their calculation in their tariff,⁹ while others explained the basis of the calculations in response to the KBCA's or Commission's requests for information.¹⁰

Q: Are these flat, survey fee estimates consistent across the Kentucky utilities?

A: Yes, the fees are largely consistent. Almost all of them fall between \$20-\$40 per pole, with the lowest being Kenergy's \$16.45 per pole.¹¹ On the other side of the spectrum, however, Brandenburg Telephone Company's ("Brandenburg's") per pole fee is \$225; Kentucky Power Company's is \$275; South Central Rural Telecommunications, Cooperative's ("South Central's") is \$162.77; and Thacker-Grigsby Telephone Company's ("Thacker-Grigsby's") is \$119 per pole.¹².

⁹ See, e.g., Kenergy Tariff at Fifth Revised Sheet No. 76, Page 45, Appendix E.

¹⁰ See, e.g., Brandenburg Telephone Co. Response to Commission's First Requests For Information 3(a); South Central Rural Telecommunications, Cooperative, Inc. Response to Commission's First Requests For Information 3(a); Logan Telephone Cooperative, Inc. Response to Commission's First Requests For Information 3(a).

¹¹ See Kenergy Tariff at Fifth Revised Sheet No. 76, Page 45, Appendix E.

¹² Duo County Telephone Cooperative Corp. Access Tariff at Original Page 18-28, Section 18.26 (listing survey fee estimates for Brandenburg Telephone Co., South Central Rural Telecommunications, Cooperative, Inc., and Thacker-Grigsby Telephone Co., Inc.); Kentucky Power Company Tariff at Original Sheet 16-3, Section 6.

Q: Are the survey cost estimates by Brandenburg, Kentucky Power Company, South Central, and Thacker-Grigsby reasonable?

A: No. Based on my experience, these fees are excessive, out of line with the industry norm, and unreasonable.

Q: How are they unreasonable?

A: Up-front, flat, pre-construction survey fees should be based on an estimate of the utility's actual, per pole survey costs. As a general rule of thumb, Charter estimates the preconstruction survey cost per pole in Kentucky to be roughly \$35 per pole, and considers anywhere from \$30-\$50 to be within the reasonable estimate range. Most tariffs in this proceeding reflect survey cost estimates in that range.¹³ In my experience, anything over \$75 is clearly outside the normal range of survey cost estimates.

Here, it appears that Brandenburg, Kentucky Power Company, South Central, and Thacker-Grigsby reached unreasonable survey cost estimates either by assuming the utility will survey each pole individually, instead of surveying poles in batches, or by failing to base

¹³ Blue Grass Energy Cooperative Corp. Tariff Corp. at Original Sheet No. 226, Appendix E (reflecting a survey cost estimate of \$30); Clark Energy Cooperative Tariff at Original Page No. 118.34, Appendix E (\$38.40); Cumberland Valley Electric, Inc., Tariff at Original Sheet No. 145, Appendix E (\$28.78); Fleming-Mason Energy Cooperative, Inc., Tariff at Original Sheet 31.36, Appendix E (\$17.37); Grayson Rural Electric Cooperative Corp. Tariff at Original Sheet 44, Appendix E (\$33.65); Inter-County Energy Tariff at Original Sheet No. 123.38, Appendix E (\$40.68); Jackson Purchase Energy Corp. Tariff at Sheet No. 201, Appendix E (\$17.85); Jackson Energy Cooperative Corp. Tariff at Original Sheet 332, Appendix E (\$29.47); Kenergy Tariff at Fifth Revised Sheet No. 76, Page 45, Appendix E (\$16.45); Meade County Rural Electric Cooperative Corp. Tariff at Original Page No. 44, Appendix E (\$34.10); Nolin Rural Electric Cooperative Corp. Tariff at Original Sheet No. 42, Appendix E (\$33.94); Owen Electric Cooperative, Inc. Tariff at Original Sheet No. 84.44, Appendix E (\$30); Salt River Electric Cooperative Corp. Tariff at Original Sheet No. 171, Appendix E (\$20.23); Shelby Energy Cooperative, Inc., Tariff at Original Sheet No. 302.37, Appendix E (\$33.12); South Kentucky Rural Electric Cooperative Corp. Tariff at Original Page No. 19.40, Appendix E (\$40.34); Taylor County Rural Electric Cooperative Corp. Tariff at Original Page No. 91, Appendix E (\$30).

their estimates on an estimate of their actual costs. For example, Brandenburg and South Central both appear to assume the survey of each and every pole would take two hours or more.¹⁴ By contrast, utilities like Kenergy divide the survey cost by the average time it takes to survey one pole (15 minutes).¹⁵ And Kentucky Power Company and Thacker-Grigsby failed to provide a per-pole calculation based on their actual costs.¹⁶ Instead, Kentucky Power explained its "estimate" was intended to "err on the side of overestimation," and acknowledged "most applications will carry a lower cost."¹⁷ And Thacker-Grigsby acknowledged it "has historically had little to no attachment requests

¹⁴ Brandenburg Telephone Co. Response to Commission's First Requests For Information 3(a) (requiring a two hour field survey per pole); South Central Rural Telecommunications, Cooperative, Inc. Response to Commission's First Requests For Information 3(a) (requiring a two and a half hour field survey per pole).

¹⁵ Kenergy Tariff at Fifth Revised Sheet No. 76, Page 45, Appendix E; see also Cincinnati Bell Telephone Company Response to KBCA Request For Information 2-3 (estimating 0.7 hours per pole for pre-construction survey); Cumberland Valley Electric, Inc. Response to KBCA Request For Information 2-3 (estimating 30 minutes per pole); Farmers Rural Electric Cooperative Corp. Response to KBCA Request For Information 2-3 (estimating 10 poles surveyed per hour); Grayson Rural Electric Cooperative Corp. Response to KBCA Request For Information 2-3 (estimating 30 minutes per pole); Inter-County Energy Cooperative Corp. Response to KBCA Request For Information 2-3 (estimating 10 poles surveyed per hour); Jackson Energy Cooperative Corp. Response to KBCA Request For Information 2-3 (estimating 10 minutes per pole); Jackson Purchase Energy Corp. Response to KBCA Request For Information 2-3 (estimating 10 minutes per pole); Logan Telephone Cooperative, Inc. Response to Commission Request For Information 2-10 (estimating 30 minutes per pole); Meade County Rural Electric Cooperative Corp. Response to KBCA Request For Information 2-3 (estimating 15 minutes per pole); Nolin Rural Electric Cooperative Corp. Response to KBCA Request For Information 2-3 (estimating 9 poles surveyed per hour); Owen Electric Cooperative, Inc. Response to KBCA Request For Information 2-3 (estimating 30 minutes per pole); Salt River Electric Cooperative Corp. Response to KBCA Request For Information 2-3 (estimating 6 minutes per pole); South Kentucky Rural Electric Cooperative Corp. Response to KBCA Request For Information 2-3 (estimating 10 poles surveyed per hour).

¹⁶ Kentucky Power Company Response to KBCA Request for Information 1-1 (acknowledging costs cover multiple poles, but failing to state a total per-pole cost or explain how it arrived at a \$275 fee estimate); *see* Thacker-Grigsby Telephone Co., Inc. Response to Commission's First Requests For Information 3 (failing clearly to explain its methodology).

¹⁷ Kentucky Power Company Response to Commission Request For Information 2-7.

upon which to reasonably form an estimated survey fee."¹⁸ In my experience, utilities survey poles in groups, or even hold pole applications for a short time until they have a group of poles to survey. As a result, true survey cost estimates based on actual costs generally fall into the \$30-\$50 range, not hundreds of dollars. Brandenburg's, Kentucky Power Company's, South Central's, and Thacker-Grigsby's survey fee estimates are clearly inflated and unreasonable.

Q: Do pole survey fee estimates matter to attachers?

A: Yes.

Q: Why?

A: The Commission's regulations allow a utility to require an attacher to pre-pay survey costs based on the estimate set forth in the utility's tariff, subject to a final true up 120 days after a utility completes its make-ready work.¹⁹ If the survey estimate fee is reasonable, the trueup should be relatively modest. But where utilities inflate their survey fee estimates, attachers must make large up-front payments they will not recover for months, if ever. Driving up the cost of attachments in this fashion will only delay and deter investment in broadband expansion. These true-ups would also be an administrative nightmare – making it difficult to match refunds to a particular project. Instead, the Commission should require Brandenburg, Kentucky Power Company, South Central, and Thacker-Grigsby to provide a reasonable and supported per-pole estimate of their survey fees.

 ¹⁸ Thacker-Grigsby Telephone Co., Inc. Response to Commission Request For Information 2-15.
¹⁹ 807 KAR 5:015 §§ 4(2)(b)(6)(b) & 4(6)(a).

IV. POLE OWNERS SHOULD NOT CHARGE ABOVE ACTUAL AND REASONABLE COSTS.

Q: Do certain tariffs attempt to seek surcharges for work performed for an attacher?

A: Yes. Cincinnati Bell's tariff proposes that an attacher must pay the "full cost, plus (10%)" of any work Cincinnati Bell performs, including the "prelicense survey, make-ready work, inspection and removal of attachee's communications facilities."²⁰

Q: Is this term just and reasonable?

A: No.

Q: Why not?

A: Cincinnati Bell has not identified any basis for its surcharges, and there plainly is not one.²¹ Utilities typically do not, and should not be permitted to, recover charges that are not based on the actual and reasonable costs incurred by the utility. Surcharges like those that Cincinnati Bell seeks to recover unreasonably and without justification increase the costs of broadband deployment, which is harmful for Kentucky consumers.

Q: Are you aware of other utilities in Kentucky that impose similar surcharges for pole attachment-related work?

A: No. As far as I know, Cincinnati Bell's surcharge is unique among Kentucky utilities. The Commission should require Cincinnati Bell to remove this provision from its tariff.

²⁰ Cincinnati Bell Telephone Company LLC, d/b/a Altafiber Tariff at Third Revised Page 41, Section 3.2.1.

²¹ Cincinnati Bell Telephone Company LLC, d/b/a Altafiber Response to KBCA Request for Information 1-4.

V. CONCLUSION

Q: Does this conclude your testimony?

A: Yes, it does. Thank you for the opportunity to provide testimony in this important proceeding.

[VERIFICATION ON SEPARATE PAGE]

COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of: ELECTRONIC INVESTIGATION OF THE PROPOSED POLE ATTACHMENT TARIFFS OF RURAL ELECTRIC COOPERATIVE CORPORATIONS

Case No. 2022-00106

VERIFICATION

The undersigned, Richard Bast, being duly sworn, deposes and says that he has personal

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knowledge of the matters set forth in his direct testimony, and that the answers contained therein

are true and correct to the best of his information, knowledge, and belief.

Richard W Bast

Richard Bast

COMMONWEALTH OF KENTUCK Y JEFFERSON COUNTY

SUBSCRIBED AND SWORN TO before me by Richard Bast on this the day of

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June, 2022.

Cynthia Hadley 62/067

